

CULTURAL AFFAIRS DEPARTMENT[221]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 303.1A(6) and chapter 303A, the Iowa Department of Cultural Affairs hereby gives Notice of Intended Action to amend Chapter 13, “Iowa Cultural Trust,” Iowa Administrative Code.

The rules in Chapter 13 describe procedures for administration of Iowa Cultural Trust grant programs. These amendments add a subrule pertaining to the new Iowa Cultural Trust Sustainability Challenge Grant program.

Any interested person may make written suggestions or comments on these proposed amendments on or before June 22, 2010. Such written materials should be directed to the Iowa Cultural Trust Office, Iowa Department of Cultural Affairs, 600 East Locust Street, Des Moines, Iowa 50319; fax (515)242-6498. Persons who wish to convey their views orally should contact the Iowa Cultural Trust Office at (515)281-4641 or at the Department of Cultural Affairs administrative offices on the third floor of the Iowa Historical Building.

Also, there will be a public hearing on June 28, 2010, at 1 p.m. in the Tone Board Room on the third floor of the Iowa Historical Building, at which time persons may present their views either orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the amendments.

Any persons who intend to attend the public hearing and have special requirements, such as those relating to hearing or mobility impairments, should contact the Department of Cultural Affairs and advise of specific needs.

These amendments are intended to implement Iowa Code sections 303.1A(6) and 303A.7.

The following amendments are proposed.

ITEM 1. Renumber subrules **13.5(4)** to **13.5(10)** as **13.5(5)** to **13.5(11)**.

ITEM 2. Adopt the following **new** subrule 13.5(4):

13.5(4) Cultural trust sustainability challenge grants. Sustainability challenge grants support projects that will help Iowa nonprofit cultural organizations strengthen their long-term financial sustainability through endowment building.

a. General sustainability grant policies.

(1) Organizations with an operating budget up to \$150,000 may request up to \$20,000 in grant funds. Organizations with an operating budget over \$150,000 may request up to \$35,000 in grant funds.

(2) Organizations awarded sustainability challenge grants must raise a minimum of \$3 in new endowment funds raised specifically for the sustainability challenge grant campaign for every \$1 of grant funds awarded.

(3) An applicant must have, at the time of application, an established endowment fund for the support of organizational operating expenses. Sustainability challenge grant funds and all matching funds must be deposited into the endowment fund designated to support annual operating expenses of the grantee organization.

(4) An applicant must have at least one paid, part-time or full-time professional employee who is responsible for managing the business of the organization.

(5) An applicant must demonstrate that it is actively implementing a multiyear strategic plan that incorporates a fundraising plan with long-term sustainability as a clear, measurable goal.

(6) An applicant must certify and demonstrate that its operational practices are in alignment with the Iowa Principles and Practices for Charitable Nonprofit Excellence. Alignment may include but not be limited to any of the following:

1. The board of directors may pass a resolution adopting the Iowa Principles and Practices for Charitable Nonprofit Excellence as the standards for institutional operations.

2. An organizational representative may complete an Iowa Principles and Practices for Charitable Nonprofit Excellence training program which will result in a certificate of completion for a stated period.

3. An Iowa charitable nonprofit that is accredited by a national organization or licensed by a state agency will be presumed to have significantly complied with the Iowa Principles and Practices for Charitable Nonprofit Excellence.

(7) An applicant must have been incorporated in the community for a minimum of three years.

(8) Sustainability challenge grant funds will be paid to grantees after grantees demonstrate that they have achieved a 3:1 cash match but no later than two years and 90 days beyond the date of the award. Under no circumstances shall the total amount paid to the recipient exceed the grant award specified in the grant award letter.

(9) No organization may receive more than one sustainability challenge grant in a five-year period.

(10) Additional requirements may be indicated in guidelines published on the Iowa department of cultural affairs Web site.

b. Specific requirements related to matching funds.

(1) All matching gifts must be made (i.e., given, pledged, and pledges fulfilled) during the sustainability challenge grant period.

(2) Gifts eligible for matching must be made explicitly in response to the sustainability challenge grant.

(3) Donors must be aware that their gifts will be used to support the organization's general operating expenses and to match the sustainability challenge grant.

(4) Eligible types of gifts may include, but are not limited to:

1. Cash.

2. Nonfederal and nonstate grants.

3. Special legislative appropriations from county or municipal governments and government organizations. This appropriation must represent a level of support above the normal appropriation for the recipient institution.

4. Net proceeds from special fundraising events or benefits held specifically to raise funds to match the sustainability challenge grant. Only the net proceeds are eligible; the intrinsic value of items donated for auction or sale is not eligible.

5. Membership contributions, "friends" or alumni giving, or similar campaigns. The value of any tangible items received by donors, such as magazines, newsletters, or gift "premiums" must be deducted from a membership contribution to assess the actual gift value. Membership forms or solicitation material should indicate that contributions will be used to match the sustainability challenge grant.

6. Marketable securities, valued as of the date of transfer from donor to grant recipient, if the securities are held in the endowment and are earning interest.

7. Real estate donated during the period of the sustainability challenge grant and converted into cash by means of sale before the end of the grant period. The value of the gift is equivalent to the net sale value.

8. Charitable gift annuity contracts that are signed during the period of the sustainability challenge grant. Annuities will be valued at the amount of the donor's charitable deduction.

9. Additional sources as approved by the cultural trust.

(5) Ineligible gifts include, but are not limited to:

1. Gifts deferred beyond the end of the grant period.

2. Bequests and other forms of planned giving that are not paid out or completed during the grant period except charitable gift annuities that are finalized within the grant period and meet the criteria outlined in 13.5(4) "b"(4).

3. Discounts on goods or services provided through contracts.

4. In-kind gifts or donated services.
5. Income from other endowed funds.
6. Gifts that derive from the grantee institution itself. For instance, the sale of land or assets already owned by an organization would not be eligible unless the land or asset was donated within the sustainability challenge grant period and in response to the sustainability challenge grant.
7. Additional sources as determined by the cultural trust board of trustees.

c. Acknowledgment.

(1) Organizations that receive a sustainability challenge grant must recognize the funds donated by the cultural trust and the matching funds raised to meet the grant requirements in either a separate listing or a named endowment fund for the lifetime of the organization.

(2) Organizations that receive a sustainability challenge grant must also acknowledge the cultural trust's support for the project in all related signage, program materials, promotion, publicity and advertising activities, and other printed and electronic forms of communication pertaining to the project.

d. Obligations beyond the life of the contract. Organizations that receive a sustainability challenge grant must return the grant funds to the cultural trust if the recipient closes, loses its nonprofit 501(c)(3) status, or goes out of business. The recipient may not donate these funds to another organization, individual, or company.

ITEM 3. Amend renumbered paragraph **13.5(11)“c”** as follows:

c. All requests for appeals shall be made in writing and shall be hand-delivered, E-mailed, or bear a U.S. Postal Service postmark within 30 days of notification of the decision. The director shall consider and rule on the appeal and will notify the appellant in writing of the decision within 30 days from the receipt of the appeal. The decision of the director is final except as provided for in Iowa Code sections 17A.19 and 17A.20.